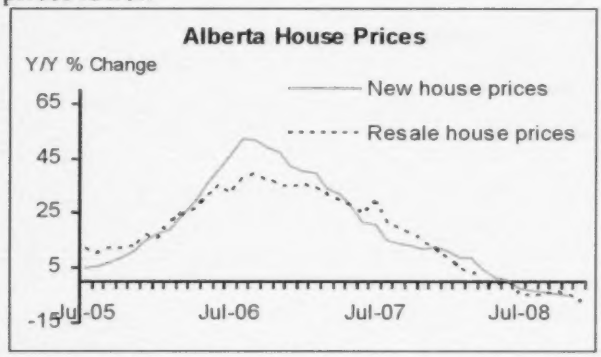
Alberta's Housing Market

Alberta's housing market correction continues...

Alberta's existing home sales continued their downward trend in December, declining 38.3% on a year-over-year basis. In 2008, existing home sales fell 21.0% from their 2007 level. Weaker sales have have pushed new and resale house prices lower.



In November, new house prices continued to decline, falling 5.1% on a year-over-year basis. Calgary's new house prices declined 2.5%, while Edmonton's prices fell 7.9%. Nationally, prices inched up 0.7% from the previous November. In December, the average resale price in Alberta also fell, down 7.4% from the previous December. Compared to 2007, average prices for 2008 were down 2.0% in Edmonton and 2.9% in Calgary.

New Motor Vehicle Sales

Motor vehicle sales slipped further in November...

Alberta's November auto sales slipped 3.4% from the previous month. In the first eleven months of 2008, new vehicle sales were down 5.8% from their 2007 level. Nationally, new vehicle sales declined 7.0% from October.

Non-Residential Construction Investment

Non-residential construction moderated in 2008...

During 2008, real non-residential building construction investment (excludes engineering projects such as roads, oil wells, etc.) increased by 0.9% compared to 17.2% growth in 2007. Strong growth in the first half of the year was offset by the slowdown that began in the second half of year.

Canadian Dollar (US¢/C$)	
January 16, 2009	79.73
January 9, 2009	83.87
2008-09 YTD	92.12
WTI Oil US$/bbl	
January 15, 2009	$ 35.40
January 8, 200	$ 41.70
2008-09 YTD	$ 97.46
Nymex Natural Gas C$/MMBtu *	
January Contract	
January 16, 2009	$ 6.13
January 9, 2009	$ 6.50

*Estimate based on Nymex Futures Market Price

According to preliminary fourth quarter data, real non-residential building construction decreased by 3.0% over the previous quarter on a seasonally adjusted basis. Growth in institutional building (+2.3%) was offset by declines in commercial (-3.2%) and industrial (-8.5%) construction.

Trade Balance

Global export markets weakening...

In November, Alberta's international exports increased 17.2% year-over-year. This represents a significant moderation from September and October when export growth was 52.5% and 47.1%, respectively. The decline was the result of declining energy prices and volumes. Nationally, the trade surplus narrowed sharply to $1.3 billion from $2.3 billion in October. Meanwhile, the US trade deficit contracted by 29% to US$40.4 billion in November as imports tumbled nearly 12%. China released data for December showing its exports fell 2.8% from a year earlier because of weak demand and a stronger yuan. China's monthly trade surplus with the United States fell 9.5% from the previous year.

Energy

Weakened oil and natural gas prices...

Negative economic developments, increased US supply, and a significant downward revision by the International Energy Agency for its estimated 2009 demand growth pushed oil prices lower this week. Natural gas prices also fell this week because of weak industrial demand and excess supply.

Alberta CURRENT ECONOMIC INDICATORS

January 16, 2009

Overall Economy	2006	2007	2008YTD*	(year-over-year % change unless otherwise noted) July	August	Sept	Oct	Nov	Dec
Real GDP (in 2002 $billions)	181.8	187.5	--	--	--	--	--	--	--
% change	6.1	3.1	--	--	--	--	--	--	--
Population[1] (000's) (level)	3,421	3,511	3,585	3,585	--	--	3,611	--	--
% change	3.0	2.6	2.1	2.1	--	--	2.4	--	--
Net Interprovincial Migraton[1] (level)	45,795	33,809	10,010	6,730	--	--	4,927	--	--
Net International Migration[1] (level)	15,646	16,136	19,283	6,340	--	--	4,907	--	--
Net Non-permanent Residents[1] (level)	5,633	13,539	17,890	7,099	--	--	8,061	--	--
Labour Market									
Employment (000's)	1,871	1,959	2,013	2,011	2,007	2,024	2,039	2,035	2,019
% change	4.8	4.7	2.8	2.2	2.0	2.5	3.1	3.2	1.5
Unemployment Rate (%)	3.4	3.5	3.6	3.6	3.5	3.8	3.7	3.4	4.1
Average Hourly Wage Rate	6.9	6.0	5.7	4.7	5.3	5.5	6.2	5.0	4.1
Average Weekly Earnings	4.9	4.5	4.9	3.3	5.3	5.8	4.3	--	--
Labour Income[2]	12.7	11.4	8.6	8.2	8.3	8.2	--	--	--
Price Indices									
Consumer Price Index	3.9	5.0	3.3	3.5	4.0	2.8	2.4	2.1	--
Excluding food and energy	4.0	4.9	2.1	1.5	1.5	1.1	1.3	1.8	--
Non-Res. Const. Cost Index[3] (quarterly)	12.2	17.3	14.7	15.7 (Q2)	--	--	16.1 (Q3)	--	--
Farm Product Price Index	-0.7	13.5	12.5	28.1	14.9	-0.5	0.8	--	--
Crops	1.4	39.5	33.7	55.5	16.4	-4.5	-9.8	--	--
Livestock	-2.4	0.8	-0.2	11.1	10.7	9.8	14.2	--	--
Household Sector									
Housing Starts (SAAR, 000's)	49.0	48.3	30.0	28.9	23.7	24.6	26.2	21.5	21.0
% change	19.9	-1.3	-37.6	-35.6	-51.5	-56.8	-47.9	-53.2	-44.6
New Housing Price Index NSA	38.2	22.5	1.3	-2.7	-3.3	-3.4	-4.5	-5.1	--
Edmonton NSA	28.9	32.1	1.9	-5.3	-5.7	-5.8	-7.7	-7.9	--
Calgary NSA	43.6	16.2	1.1	-0.3	-1.1	-1.2	-1.6	-2.5	--
MLS Average Resale Prices NSA	30.9	24.3	-1.4	-5.2	-5.2	-5.0	-3.7	-4.2	-7.4
Edmonton NSA	30.0	34.3	-2.0	-5.3	-4.8	-5.6	-8.6	-2.0	-5.7
Calgary NSA	38.6	18.7	-2.9	-7.8	-8.0	-6.0	-5.6	-6.0	-9.4
Retail Sales	15.4	9.3	1.3	0.6	-3.1	2.1	3.7	--	--
New Motor Vehicle Sales NSA	11.9	3.3	-5.8	-6.0	-13.5	-1.9	-2.6	-11.5	--
Business Sector									
Public and Private Investment[4]	18.3	4.9	3.8	--	--	--	--	--	--
Mining and oil and gas[4]	16.2	-5.5	-0.8	--	--	--	--	--	--
Rigs Drilling	-2.6	-35.2	-2.1	-1.7	10.7	6.9	18.4	3.5	-10.2
Goods Exports (customs based) NSA	1.9	5.5	37.9	69.3	45.4	52.5	47.1	17.2	--
Energy NSA	-0.5	4.4	47.0	93.8	55.1	66.1	56.2	19.3	--
Agriculture NSA	9.4	12.4	28.9	23.2	21.5	24.3	31.3	35.4	--
Total Farm Cash Receipts (quarterly)	-0.4	11.9	18.4	23.6 (Q2)	--	--	--	18.4 (Q3)	--
Manufacturing Shipments	6.5	1.9	9.6	22.2	10.0	20.6	8.5	--	--
Wholesale Trade	13.0	4.5	10.9	14.5	11.7	21.4	14.3	--	--
Building Permits	36.0	13.4	-15.4	-14.9	-34.0	-12.2	-43.9	-14.5	--
Residential	34.6	10.7	-31.6	-39.9	-48.4	-37.9	-35.6	-37.9	--
Non-residential	38.1	17.1	6.5	28.0	-11.5	28.9	-50.5	20.4	--

Alberta Finance and Enterprise

* YTD – year-to-date represents the change since the beginning of the year compared to the same period in the previous year.

[1] Quarterly; annual numbers are presented on a census year basis (July 1 - June 30). Year-to-date value is actual 2008. The October population estimate is also the 2009 year-to-date value.

[2] Total income earning in Alberta including wages and salaries, and supplementary income.

[3] Average of Calgary and Edmonton.

[4] 2008 based on initial investment intentions, 2007 preliminary actuals.

Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association) and Rigs Drilling (Canadian Association of Oilwell Drilling Contractors).

Alberta

CURRENT ECONOMIC INDICATORS, BY PROVINCE

	Canada	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
Conference Board Forecast (Autumn 2008)											
Real GDP Growth											
2007 (actuals, Statistics Canada)	**2.7%**	9.1%	2.4%	1.7%	1.7%	2.7%	2.3%	3.3%	2.5%	**3.1%**	3.0%
2008	***0.7%***	1.5%	0.7%	1.5%	1.0%	0.9%	0.2%	2.7%	5.2%	**1.2%**	1.2%
2009	***1.5%***	-0.7%	1.3%	1.0%	0.8%	1.5%	0.8%	2.4%	3.6%	**2.6%**	1.8%
Population (As of October 1, 2008)											
Population	**33,441,277**	508,944	140,750	939,125	747,790	7,771,854	12,977,059	1,210,547	1,020,847	**3,610,782**	4,405,534
Annual Growth Rate[a]	***1.19%***	0.30%	1.54%	0.26%	0.19%	0.87%	1.07%	1.10%	1.49%	**2.36%**	1.64%
Net Interprovincial Migration											
2008 Census Year (July 1 2007 to June 30 2008)		1,299	42	-117	-325	-12,399	-16,522	-503	8,067	**10,010**	11,458
3rd Quarter (July 1 to September 30 2008)		823	127	-722	-741	-3,046	-3,200	-1,515	2,064	**4,927**	1,484
Employment											
Level Change (000s)[b]	**259.4**	3.2	0.9	5.6	3.4	30.0	93.5	10.2	11.0	**53.8**	47.9
Percent Change[b]	***1.5%***	1.5%	1.3%	1.2%	0.9%	0.8%	1.4%	1.7%	2.2%	**2.8%**	2.1%
Unemployment Rate, 2008 avg	***6.1***	13.3	10.8	7.7	8.6	7.2	6.5	4.2	4.1	**3.6**	4.6
Participation Rate, 2008 avg	***67.8***	59.5	68.7	63.9	64.8	65.7	68.1	69.6	69.7	**74.7**	66.6
Average Weekly Earnings (SA)											
October 2008	**801.24**	749.38	654.72	698.58	740.87	755.03	830.83	727.73	765.75	**888.73**	777.98
% Increase[c]	**2.9%**	3.8%	2.1%	2.3%	3.4%	2.5%	2.5%	3.0%	4.5%	**4.9%**	2.1%
Wage Settlements (November 2008)										**4.8%**	
CPI Inflation											
November Annual	**2.0%**	2.4%	2.3%	1.3%	0.6%	1.4%	2.1%	2.7%	3.2%	**2.1%**	2.0%
Excluding Shelter	**1.2%**	1.0%	1.3%	0.4%	0.4%	1.0%	1.2%	2.0%	1.1%	**1.2%**	1.9%
Housing Starts (000s)											
SAAR December 2008	**177.3**	3.6	0.9	3.9	3.1	43.8	64.0	7.0	5.6	**21.0**	24.3
Retail Sales											
Percent Change[c]	**4.8%**	9.1%	5.7%	5.8%	6.1%	6.0%	5.2%	8.7%	12.8%	**1.3%**	2.2%
Avg. Monthly % Change (Jan-Oct 2008)	**0.2%**	0.8%	0.5%	0.5%	0.6%	0.4%	0.2%	0.3%	0.5%	**0.0%**	-0.3%
Manufacturing Shipments											
Percent Change[c]	**0.8%**	33.0%	-2.4%	12.8%	24.2%	2.6%	-3.9%	1.9%	20.5%	**9.6%**	-6.1%

a. Over the past 12 months
b. January 2008 to December 2008
c. January 2008 to October 2008 (YTD)
SA-Seasonally Adjusted
Source: Statistics Canada, Canada Mortgage and Housing Corporation and Conference Board of Canada

Alberta Finance and Enterprise